

Working paper

Integration of Sustainable Development in Structural Funds Projects: A Guide to identifying and integrating the Environmental Aspects

Introduction

1. For the 2000-2006 programming period, European Structural Funds place increased emphasis on two horizontal themes – sustainable development and equal opportunities. This is in line with Scottish Executive policy, and is reflected in the core criteria developed in Scottish Structural Funds programmes from the work carried out in earlier projects by partnerships across Scotland.

2. Evaluation evidence from past programmes suggests strongly that Structural Funds applicants remain more comfortable with economic and social development issues than with the environmental elements of sustainable development. The Scottish Executive's approach recognises that the goal of mainstreaming sustainable development is to produce an integrated understanding of the different elements; but that in practical terms, achieving this requires more work, both to increase awareness of the integrated nature of sustainable development, and to assist in the development of, in particular, the environmental elements.

Aim

3. The aim of the guide is to assist applicants identify and promote the features of their projects which help *integrate* environmental issues into overall project objectives and thus better reflect the aims of mainstreaming sustainable development. Good practice examples of projects undertaken in the current, 2000-2006, round of Structural Funds Programmes can be found on the websites of the Programme Management Executives: for projects in the [East of Scotland](#); in the [South of Scotland](#); in the [West of Scotland](#) and in the [Highlands and Islands](#); for projects being funded by [Objective 3](#). These examples are designed not only to assist a fuller understanding of sustainable development in relation to project development, but also in relation to the wider operational practices of partner bodies. Transferring understanding of sustainable development, bringing together good environmental practice and good economic and social development practice is a central element of the lasting impact the Structural Funds can make for the future.

4. Sustainable development is not solely about the environment. Nor should it be seen as the simple stitching together of three disparate elements. It is about taking an inclusive and holistic approach to development, encompassing social, economic and environmental development. There are many examples from previous practice of environmentally focused projects which fail to address economic sustainability, or social impacts, or of socially focused projects which fail to take account of environmental or economic sustainability. Such projects do not represent sustainable development in action.

5. The focus of the guide, however, is environmental and it does not set out to address all the social and economic issues expected of a sustainability approach, though many of the benefits of environmental actions can be categorised as social and economic too. Experience suggests that for many partners, especially those with well developed experience in economic or social development, it is integration of thinking on environmental sustainability which is hampering the mainstreaming of sustainable development as a whole. It is also worth noting that, as well as promoting sustainable development, the Regulations covering Structural Funds projects explicitly require projects to contribute to the protection and improvement of the environment. The idea of this guide is to help match projects to practical environmental actions while taking forward a sustainable development approach as promoted by all the Scottish Programmes. The Scottish Executive and partners have explicitly recognised that mainstreaming sustainable development in the Structural Funds will be an incremental process – all participants in the Structural Funds are learning as the Programmes evolve; good practice will develop along with this learning.

6. Project sponsors should also be aware that Programme Management Executives have established groups to consider the implementation of the Horizontal Themes. The PME's are increasingly equipped to engage in guidance on, and discussion of, sustainable development in project development.

Background

7. In response to a general demand for better information on improving the environmental performance of projects and a policy drive to replicate good environmental practice, the Structural Funds Sustainable Development Forum have developed this guide on the basis of expert advice from Scottish Natural Heritage (SNH) and the Scottish Environmental Protection Agency (SEPA)

8. The guide can be read in conjunction with other Scottish Executive guidance and the relevant Single Programming Document which will describe the environmental situation in a given programme area and highlight specific issues which require addressing.

9. The guide is structured to provide generic advice and more detailed examination of the sorts of environmental issues that certain types of project tend to bring up. It does not pretend to be exhaustive nor definitive as projects tend to have unique characteristics; nor is it final, as there is much still to be learnt. Its role is to stimulate thinking and to signpost to other sources of guidance.

It covers:

1. Sustainable Development definitions (Paragraph 8)
2. Improving environmental performance (Paragraph 11)
3. The benefits (Paragraph 16)
4. Incentives and regulation (Paragraph 18)
5. A checklist (Paragraph 21)
6. Project types (Annex A)

7. Explanatory note on eco-industries (Annex B)
8. Where to get help (Annex C)

Applicants may wish to consider the project types that match their proposal and explore the potential benefits and opportunities that the suggested environmental considerations offer.

Sustainable Development definitions

10. The definition of sustainable development as: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" is widely used.

The Treaty of Amsterdam (1997) states that "the Union's financial instruments are required to work, simultaneously and in the long-term interest, towards economic growth, social cohesion and the protection of the environment; in other words sustainable development". Sustainable development is also one of the main policy objectives of the Scottish Executive, alongside international, regional and social integration. The Framework for Economic Development in Scotland notes: "These considerations are central to the Executive's vision. Indeed, they are captured here as the *principal outcome objectives* of the *Economic Framework*, as follows:

- **international integration:** securing economic growth through integrating the Scottish economy within the global economy;
- **regional development:** ensuring that all the regions of Scotland enjoy the same economic opportunities;
- **social integration:** ensuring that all in society enjoy the same economic opportunities;
- **the sustainability of economic development:** the integration of sustainability considerations - economic, social and environmental."

Sustainable Development is now a core component of the Structural Funds assistance. Together with equal opportunities, it is a horizontal principle that must be integrated with the overall objective of economic development across all programmes. The Scottish Executive's "Key Messages" paper on sustainable development (http://www.scotland.gov.uk/esf/esf_sus_dev-00.asp) sets out clearly the strategic importance of incorporating sustainable development principles in all aspects of the Structural Funds, from Programme planning to Project development, and notes particularly that "The Scottish Executive believes that the main sustainable development issue that needs to be addressed in the coming programming period is environmental sustainability as that is better integrated with the existing commitment to economic and social issues."

11.

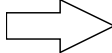
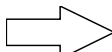
12. In the context of economic development programmes, Sustainable Development is about incorporating environmental and social considerations into the core of the programme and the projects supported. It is not about balancing negative impacts with a few sustainable projects, but neither is it about diluting the assistance for sectoral environmental or social aims. The pilot project on Sustainable Development of the Eastern Scotland European Partnership illustrates an approach to how such integration can be done.

Improving environmental performance

13. Projects can impact on the environment both positively and negatively. Even when the impacts are relatively straightforward to identify, they are not necessarily easy to mitigate. However, in many cases the impacts - e.g. polluting processes - are controlled by specific environmental legislation. Existing regulatory processes can be satisfactorily invoked to deal with these and guidance can be obtained through the appropriate competent authority. Compliance with environmental legislation at the application stage has been relatively good in the past. Yet, in the Scottish experience, the benefits of projects to the environment has been patchy.

14. When opportunities to improve environmental performance of a project go unnoticed, the ability of projects to contribute to the sustainability of the overall assistance is weakened. All the new Scottish Programmes expect projects to comply with legislation as a minimum as this is required by regulation. The rest of this guide should help applicants to go a step further and identify proactively opportunities that bring added environmental value - the working principle being "*beyond environmental compliance*". The Explanatory note towards the end of this guide offers examples of industries and processes which are considered to offer opportunities for positive impact in sustainable development terms.

15. So why do few projects meet their full potential for realising environmental benefits? The box below illustrates some typical questions raised by applicants addressing environmental issues.

<p>How to increase wider, and project specific, understanding of the potential environmental benefits of projects, and build this into projects?</p>		<p>This note is intended to raise general awareness General and specific advice can be sought from authorities and other experts signposted later in this guide.</p>
<p>What are the main incentives for considering environmental benefits?</p>		<p>Environmental performance is now a key criterion in assessing and prioritising projects</p>
<p>Will incorporating environmental features raise</p>	<hr/>	<p>Not necessarily true; many environmental measures</p>

the cost of the project?	➔	<p>may actually reduce cost long term</p> <p>Higher costs should not jeopardise success of an application</p> <p>Investment today may reduce mitigation costs in the longer term</p> <p>Projects should take into account 'hidden' costs – the cost of negative environmental impact</p>
How does environmental performance contribute positively to economic and social benefits of projects?	➔	<p>Even when improved environmental performance increases costs, increased social, technological, employment and market opportunities may arise</p>

16. As the right hand side of the table suggests, it can be worthwhile thinking about the key elements of environmental performance of projects and integrating them into applications. The incorporation of these features will influence assessment of the project and should add to the likelihood of success in securing funds.

17. In particular, the environmental implications of projects may be assessed on whether applicants have:

- Carried out detailed or thematic studies to identify and mitigate environmental effects
e.g. surveys, environmental assessment of projects, modelling.
- Made contact with relevant authorities or other experts
e.g. Local Planning Authority, SEPA, SNH, environmental consultants
- Integrated the results into the design of the project
e.g. site selection, landscaping, use of renewable resources, waste minimisation
- Taken measures to create environmental improvements
e.g. site clean up, habitat creation, environmental training
- To be able to evaluate the impact the Structural Funds have made on environmental objectives, monitoring and evaluation are crucial. This is in line with overall commitments of the Executive to pursue an evidence-based policy agenda: "The Framework [for Economic Development in Scotland] sees monitoring and evaluation as having a key role to play in the attainment of specific outcomes. While input objectives can be monitored relatively easily through standard accounting processes, both the monitoring and evaluation of higher level results such as outputs or outcomes requires a more systematic and sustained effort" (FEDS, p. 80). The Executive together with the PMEs and the partner organisations has developed a Monitoring Handbook (available

from www.scotland.gov.uk/esf/mon_hand-00.asp) to help applicants to build in monitoring of all outcomes, including environmental ones, from the start of the project. This includes a set of core indicators (available from www.scotland.gov.uk/esf/indicators-00.asp which project applicants can use to report on positive aspects of their project in relation to environmental activity. Locally, measure level indicators applied by each PME in project appraisal, have been designed to draw out more fully the sustainable development aspects of projects.

The benefits

18. The Framework for Economic Development in Scotland highlights that the environment is an important asset for the economy and should be taken into consideration: "A further dimension of sustainability relates to the environment, one of Scotland's key assets that underpins important areas of economic activity both as the provider of key natural resources - as for whisky - and as a vital image in marketing terms - as for tourism. It is also a key element in people's quality of life. Economic development must be sensitive to this concern and the costs - as well as the benefits - to society of economic activity must be appropriately considered and managed in order to enable future generations to enjoy a prosperous life."

19. In addition to improving chances of securing funding, on environmental criteria alone, consideration of the other benefits to a project should not be overlooked. Some of these are illustrated below:

Cost savings	Through improved energy efficiency, waste management, reduced transport costs, raw materials, supply chain management
Local economy	Through job creation, encouraging inward investment, increased public accessibility, improved communication
Competitive advantage	Through developing new technology and market, greening markets (e.g. tourism) and meeting customers' and investors environmental expectations; opportunities for trade, including export, in innovative practices
Improved quality of life	Through improved air quality, enhanced natural heritage, reduced pollution, improved communication and community involvement
Reduced risk and	Through meeting or exceeding

liability

regulatory requirements now, and anticipating them for the future.

The prospect of leveraging additional match funding from environmental and other bodies with grant giving powers is another incentive to include an environmental dimension.

Incentives and regulation

20. There are a number of **economic instruments** that can provide a financial spur to improve environmental performance, through waste reduction, use of water and improving energy efficiency. Of particular significance are the:

- The **Packaging Regulations** will require businesses with a turnover in excess of £2 million and handling more than 50 tonnes of packaging material per year recover a percentage of their packaging waste
- Rising costs of waste disposal as a result of increasing **landfill tax** (rising £1 per tonne per year for active waste)
- Growth of **renewable energy** to secure Scottish targets of 18% of electricity from renewable energy sources by 2010
- **Fuel taxes** for road transport and the differential in **road tax** based on engine capacity
- Rising **costs of water and effluent treatment**, as water utilities move towards payments based on usage rather than rateable value
- The introduction of an industrial **energy tax** to reduce levels of carbon dioxide emissions (the Climate Change Levy)

21. In future new Directives and economic instruments are likely to be introduced, so it is sensible to anticipate now measures required to meet future policy and legal requirements. The main ones in the next few years include Strategic Environmental Assessment Directive

- Water Framework Directive
- Landfill Directive
- The Waste Electrical and Electronic Equipment Directive
- An aggregate tax on raw material extraction
- Reductions in VAT for further energy saving materials and actions

22. **As a legal minimum**, applicants are required to check whether or not the project is subject to any particular European, UK or Scottish legislation on environmental protection, and illustrate how the requirements have been satisfied. Key environmental legislation, with the relevant authority to contact is listed below:

Air pollution

- ♦ Release of emissions to air
- ♦ SEPA

Environmental Assessment	♦ Environmental Assessment	♦ Local Authority, SEPA
Hazardous material	♦ Storage and use	♦ Local authority or HSE
Nature Conservation and Countryside Management	♦ Protected sites - International, European or national importance (e.g. SAC, SPA, SSSI, NSA)	♦ SNH
	♦ Protected species or habitats	♦ SNH
	♦ Protected landscapes (NSAs, National Parks)	♦ SNH
Planning	♦ Development on land	♦ Local Authority
	♦ Change in use of land/building	♦ Local Authority
	♦ Development below low water	♦ Crown Estates
Waste management	♦ Disposal	♦ Local Authority
	♦ Waste management licences	♦ SEPA
Water Quality	♦ Discharge of effluents or run-off into water bodies	♦ SEPA
	♦ Discharge of sewage, trade effluents and run off to sewers	♦ Water Authority

A checklist

23. In addressing the environmental performance of a project particular attention should be paid to the opportunities for:

- **Minimising** the release of pollutants to the environment (air/water/land)
- Encouraging the **efficient use** of all resources and the minimisation of waste through reduction, re-use, and recycling of materials

- Minimising the use of non-renewable resources (in particular fossil fuels) and encouraging their **replacement by renewable resources**
- Minimising the growth of road transport, while **providing accessible opportunities**
- **Maintaining, improving and widening access to natural heritage resources**
- **Training and raising awareness** of those involved in community and business development

24. When scoping the potential performance of their own projects, applicants should consider the following checklist. In addition, appended is a list detailing businesses which can be considered to contribute to environmental improvements.

<p>Changes in land use, buildings or re-use of vacant and derelict land</p>	<ul style="list-style-type: none"> ◆ What effect will the project have on existing land-use? ◆ Can it develop vacant and derelict land rather than greenfield or prime agricultural land? ◆ Is there a detrimental impact on scenic/townscape quality and are there opportunities to improve landscape features? ◆ Can it make use of the existing supporting infrastructure (e.g. transport links)? ◆ Are there opportunities to clean up contaminated land?
<p>Passenger and freight transport generated by the project</p>	<ul style="list-style-type: none"> ◆ Does the location improve links and maximise access to public transport thereby reducing reliance on private vehicles? ◆ What are the opportunities to promote cycle/footpaths to reduce cars? ◆ How can the project take advantage of new technology to reduce the need to travel (e.g. telecommunications, IT)?
<p>Training in environmental management skills</p>	<ul style="list-style-type: none"> ◆ How can the project increase understanding of environment management? ◆ Can training in environment management or countryside management be incorporated into project? ◆ What are the opportunities for raising awareness about the natural or other environmental heritage? ◆ What are the opportunities to involve the wider community?
<p>Use of resources (incl. use of local raw</p>	<ul style="list-style-type: none"> ◆ How can the project incorporate energy efficiency measures and promote the use of renewable energy sources instead of fossil fuels?

materials, energy and water	<ul style="list-style-type: none"> ◆ How can it minimise use of all non-renewable resources by using renewable resources & encouraging reduction, recycling, re-use of raw materials? ◆ How can it encourage innovation in goods and services in order to use fewer resources in their manufacture, use or disposal? ◆ Does it minimise the generation of toxic harmful materials wherever possible?
Waste disposal (incl. Waste minimisation and recycling)	<ul style="list-style-type: none"> ◆ How can the project include measures to minimise waste production through encouraging the reduction, recycling and re-use of materials? ◆ How can it incorporate new cleaner technologies in order to minimise waste and reduce emissions to air and water? ◆ How can it reduce the toxic waste produced and dispose of it carefully?
Wildlife and nature conservation (including access)	<ul style="list-style-type: none"> ◆ Will the project have a detrimental impact on existing sites of nature conservation/ landscape value, habitat or species and, if so, can measures be taken to reduce impact? ◆ What are the opportunities for enhancing the natural resources through landscaping or habitat management/creation? ◆ Does the project make the most of the natural resources to generate economic and social benefits through sustainable use? ◆ Does the project impact on existing access and recreational facilities and are there opportunities to minimise impact and/or provide improved facilities?

Annex A

Project types

The following tables list a number of broad project types. General environmental issues that projects raise are listed; the accompanying listing of other potential benefits demonstrates clearly how improving environmental sustainability begins to integrate with social and economic sustainability.

The project types are

- Type A: Built Infrastructure
- Type B: Business support
- Type C: Tourism Initiatives
- Type D: Transport
- Type E: Community Regeneration
- Type F: Rural Development
- Type G: Training Initiatives
- Type H: Environmental actions and technology

The project types are by no means exclusive – they represent only examples of possible themes.

The actions proposed must, of course, take place in the wider regulatory context, and, for example, conform to requirements on State Aids and procurement, as well as being within the ambit of the priorities and measures of the Programme.

Project Type A: BUILT INFRASTRUCTURE (*construction or upgrading/restoration*)

ENVIRONMENTAL ISSUES		
	Wildlife and nature conservation	Impact to or loss of protected sites, habitats or species;
	Changes in land use (incl restoration of derelict land)	Impact on existing access / recreational facilities. Effect on landscape and existing land-use;
	Use of resources	Development of greenfield v brownfield sites; Remediation of contaminated land.
	Passenger and freight transport	Source and type of construction materials;
	Waste disposal:	Energy efficiency of buildings.
	Environmental management training	Links to public transport and reliance on cars. Volume of waste and waste management procedures.
		Opportunities for improved understanding of EM.
ACTIONS	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
Restore derelict buildings and surrounding vacant land rather than develop greenfield sites.	Habitat creation and landscaping of derelict land; reduction of pressure on greenfield development	Aid renewal of urban areas & associated communities and attract further investment to location
Incorporate energy efficiency technology into design of building and into construction procedures.	Reduce use of non-renewable resources and decrease emissions during construction and life of building.	Reduce long-term running costs of buildings; creation of market for environmental services
Include measures to re-use, recycle or reduce raw materials during construction and use of buildings.	Efficient use of raw materials and reduced volume of waste sent to landfill	Reduce long-term costs from savings on raw materials and savings on waste disposal costs.
Use local and sustainable construction materials and services	Increase use of renewable resources; Reduce transportation of materials;	Reduce transport costs; boost local economy through demand for local products - may also ensure reliability and quality of supply
Carry out environmental improvements such as habitat creation and landscaping; and improve access facilities.	Maintain/enhance biodiversity and scenic quality; Improved access.	Provide a more pleasant work environment; Attract other investment to location
Ensure public transport links and improve bicycle/footpath networks.	Reduce reliance on cars therefore positive impact on air quality and use of non-renewable resources	Improve access to employees/visitors without cars. Attract other investment to location
Incorporate telecommunication technology to reduce travel requirements.	Reduce reliance on car use.	Reduce staff time spent travelling; Improve overall communication.

Project Type B: BUSINESS SUPPORT

ENVIRONMENTAL ISSUES		
•	<p>Use of resources</p> <p>Passenger and freight transport</p> <p>Waste disposal:</p> <p>Environmental management training</p>	<p>Inefficient use of non-renewable resources by SMEs and little use of renewable or recycled resources.</p> <p>Reliance on private transport.</p> <p>Inefficient waste management procedures.</p> <p>Opportunities for improved understanding of EM.</p>
ACTIONS	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
Raise awareness among SMEs of environmental management techniques eg EMS, waste management, recycling, environmental audits, energy efficiency	Raise environmental performance of SMEs through improved energy efficiency, waste management	Cost-savings for SMEs and improved competitiveness by reducing demand for energy and other resources, and reducing waste to dispose of.
Raise awareness of own organisation of environmental management techniques	Raise own environmental performance	Improved customer expectations.
Support businesses using environmental technologies that reduce waste, energy and resource use.	Increase number of successful businesses with reduced environmental impact	Cost savings;
Target businesses with 'environmentally friendly' product or service (environmental businesses)	Increase success rate of 'environmentally-friendly' businesses	Improved customers expectations.
Encourage the uptake of technology to allow communication without travel	Reduce reliance on private cars.	Identify new products/services and new market opportunities.
Support local market/ support local products	Reduce transportation of materials	Identify new products/services and new market opportunities
		Improved communication;
		Reduce staff time spent travelling and transport costs.
		Reduce transport costs;
		Boost local economy through demand for local products - may ensure reliability and quality of supply

Project Type C: TOURISM INITIATIVES (see A for projects relating to built infrastructure)

ENVIRONMENTAL ISSUES		
•	<p>Wildlife and nature conservation</p> <p>Changes in land use (incl restoration of derelict land)</p> <p>Use of resources</p> <p>Passenger and freight transport</p> <p>Waste disposal:</p> <p>Enjoyment of the natural and built heritage</p>	<p>Impact on to protected sites, habitats or species</p> <p>Impact on existing access / recreational facilities</p> <p>Effect on landscape and existing land-use;</p> <p>Development of greenfield v brownfield sites;</p> <p>Remediation of contaminated land.</p> <p>Source of raw materials and efficient use;</p> <p>Energy efficiency of buildings etc</p> <p>Links to public transport;</p> <p>Waste management</p> <p>Access to the countryside; Integration with urban issues</p> <p>Information and interpretation</p>
ACTIONS	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
<p>Carry out natural/built heritage management and enhancement</p> <p>Promote nature-based tourism and access projects</p> <p>Promote links by public transport and by bicycle/foot</p> <p>Promote locally grown food/drink and other products or services</p> <p>Encourage energy efficiency of tourist facilities</p> <p>Encourage tourist facilities to adopt measures to re-use, recycle and reduce resources</p>	<p>Maintain/enhance biodiversity and scenic/urban quality</p> <p>Raise awareness of natural heritage of Scotland</p> <p>Increase people's enjoyment</p> <p>Responsible access to natural heritage</p> <p>Reduce reliance on cars</p> <p>Reduce transport requirements.</p> <p>Reduce use of non-renewable resources</p> <p>Decrease volume of waste sent to landfill</p> <p>Reduce use of raw materials</p>	<p>Tourist industry benefits from unspoilt natural or urban/built heritage.</p> <p>Increase tourist facilities and activities that are in character with image of region</p> <p>Increase visitor numbers to include to those without cars</p> <p>Boost local economy and create employment</p> <p>Reduce long-term running costs of buildings</p> <p>Reduce long-term costs from savings on raw materials and savings on waste disposal costs</p>

Project Type D: TRANSPORT

ENVIRONMENTAL ISSUES		
Wildlife and nature conservation		Impact on or loss of protected sites, habitats or species
Changes in land use (incl. restoration of derelict land)		Impact on existing access / recreational facilities
Use of resources		Effect on landscape and existing land-use;
Passenger and freight transport		Greater car use causing increase in emissions and use of non-renewable resources
Waste disposal		Links to public transport;
Environmental management training		Run off and pollution during construction
		Opportunities to improve environmental awareness

ACTION	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
Include measures to re-use, recycle or reduce raw materials during construction/improvement work	Decrease volume of waste sent to landfill Reduce use of raw materials	Reduce long-term costs from savings on raw materials and savings on waste disposal costs.
Use local construction materials and services	Reduce transportation of materials	Reduce transport costs; Boost local economy and create jobs - may help ensure reliability and quality of supply
Minimise impact on protected sites, habitats and species and carry out habitat creation and landscaping	Maintain/improve biodiversity and scenic quality Wildlife corridors	Maintain quality of natural heritage for local residents and for tourism industry
Promote public transport links	Reduce reliance on cars and therefore positive impact on air quality and use of non-renewable resources	Improve accessibility to those without cars. Health benefits associated with clean air.
Improved cycle/ footpaths network	Reduce car use Provide wildlife corridors	Cost savings relating to reduced use of cars Health benefits and improved quality of life

Project Type E: COMMUNITY REGENERATION

ENVIRONMENTAL ISSUES		
Wildlife and nature conservation	Impact on existing access / recreational facilities	
Changes in land use (incl restoration of derelict land)	Effect on landscape and existing land-use; Vacant and derelict land often of poor nature conservation interest and sometimes contaminated.	
Use of resources	Energy efficiency of buildings; Source and type of construction materials	
Passenger and freight transport	Links to public transport;	
Waste disposal:	Waste management	
Environmental management training	Opportunities for incorporating training	

ACTION	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
Include incentives to improve energy efficiency of buildings.	Reduce use of non-renewable resources	Reduce long-term running costs of domestic houses and offices
Include measures to encourage the re-use, recycling or reduction of waste by local community	Decrease volume of waste sent to landfill Reduce use of raw materials	Reduce long-term costs from savings on raw materials and savings on waste disposal costs (landfill tax)
Encourage investment in local businesses and the use of local services and products	Reduce transport requirements Retain traditional character of region.	Reduce transport costs and boost local economy - may also ensure reliability and quality of supply
Carry out habitat creation and landscaping	Maintain/improve biodiversity and scenic quality and improve recreational facilities	Provide a more pleasant environment and improve quality of life. Attract inward investment.
Ensure accessibility to public transport links and by bicycle/foot.	Reduce dependency on cars and therefore positive impact on air quality and use of non-renewable resources	Improved accessibility to those without cars. Attract inward investment
Raise awareness of importance of natural heritage as part of regeneration project	Raised awareness among locals of natural heritage	Improved air quality and associated health benefits Increased ownership and responsibility of local community
Encourage uptake of telecommunication technology	Reduce transport needs	Improve communication and competitiveness

Project Type F: RURAL DEVELOPMENT

ENVIRONMENTAL ISSUES		
•	<p>Wildlife and nature conservation</p> <p>Changes in land use (incl restoration of derelict land)</p> <p>Use of resources</p> <p>Passenger and freight transport</p> <p>Waste disposal:</p> <p>Environmental management training</p>	<p>Impact on protected sites, habitats or species</p> <p>Impact on existing access / recreational facilities</p> <p>Effect on landscape and existing land-use;</p> <p>Development of vacant land versus agricultural or natural habitat;</p> <p>Efficient use of raw materials and other resources.</p> <p>Links to public transport;</p> <p>Waste management</p> <p>Opportunities to raise environmental awareness</p>

ACTION	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
Promote use of locally produced materials and services	Maintain traditional quality of region Reduce transportation of materials	Boost local economy and job creation - may also ensure reliability and quality of supply Reduce transport costs
Carry out habitat management/enhancement	Maintain/improve biodiversity and scenic quality	Maintain quality of natural heritage to attract other investment and tourist industry to location
Ensure accessibility to public transport links and by bicycle/foot.	Reduce dependency on cars and therefore positive impact on air quality and use of non-renewable resources	Accessible to those without cars. Attract other investment to location
Promote locally sustainable projects relating to eg forestry, green tourism and access.	Job creation through sustainable enterprises	Boost local economy and job creation; health benefits associated with access improvements through exercise
Incorporation of telecommunication technology to reduce transport needs	Reduce dependency on cars	Improved communication and therefore competitiveness of rural businesses

Project Type G: TRAINING INITIATIVES

ENVIRONMENTAL ISSUES		
•	Use of resources Passenger and freight transport Waste disposal: Environmental management training	Resources used in providing training material Accessibility to public transport; Re-use of training materials Opportunities to raise awareness of environmental management and countryside management

ACTIONS	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
As part of project encourage training in environmental management techniques eg EMS, waste management, recycling, environmental audits, energy efficiency	Increase efficiency of resource use, reduce use of non-renewable resources, improve waste management and increase overall environmental performance	Reduce long-term running costs: Identify new markets; Meet customer expectations
Carry out training in countryside management - habitat creation, landscaping and path building	Maintain/improve biodiversity, scenic quality, and access facilities	Job creation Maintain quality of natural heritage Attract other investment to location
Promote training in IT and telecommunications	Reduced requirement for travel	Reduce staff time spent travelling Improve overall communication
Organise training around home/work learning and public transport	Reduce requirement for travel	Increase accessibility of training

Project Type H: ENVIRONMENTAL ACTIONS AND TECHNOLOGY

ENVIRONMENTAL ISSUES		
•	Wildlife and nature conservation	Impact to protected sites, habitats or species Impact on existing access / recreational facilities
	Changes in land use incl restoration of derelict land	Effect on landscape and existing land-use;
	Use of resources	Source and type of raw materials; Energy efficiency of buildings
	Passenger and freight transport	Links to public transport;
	Waste disposal:	Waste management
	Environmental management training	Opportunities to raise awareness of environment

ACTIONS	ENVIRONMENTAL BENEFITS	ECONOMIC / SOCIAL BENEFITS
Encourage development of projects based on environmental technology (eg renewable energy)	Improve resource efficiency, reduce emissions and waste etc	Cost savings through reduced resource use
Promote development of initiatives linked to the natural heritage and rural activities	Will encourage protection of natural heritage	Potential new market opportunities.
Include measures to re-use, recycle or reduce raw materials	Decrease volume of waste sent to landfill Reduce use of raw materials	Reduction in long-term costs from savings on raw materials and savings on waste disposal costs
Use of local materials and services	Maintain traditional quality of region Reduce transportation of materials	Reduce transport costs and boost local economy - may also ensure reliability and quality of supply
Carry out habitat creation and landscaping	Maintain/improve biodiversity and scenic quality	Provide a more pleasant work environment Attract other investment to location
Ensure accessibility to public transport links and bicycle/footpath networks.	Reduce dependency on cars and therefore positive impact on air quality and use of non-renewable resources	Accessible to those without cars.

ANNEX B

Explanatory Note: Environmental Activity

Projects, jobs and businesses considered to constitute Environmental Activity

1. Sustainable Development is one of the horizontal themes, which needs to be considered across all Structural Fund programmes and projects. The objective of mainstreaming sustainable development entails taking into account economic, social and environmental effects. The guidance note “Sustainable Development on Structural Funds Programmes in Scotland: Key Messages”¹ provides further details on the interaction between Structural Funds and Sustainable Development². This explanatory note only covers a particular aspect of sustainable development and additional guidance is available from the appropriate Programme Management Executives.
2. This explanatory note has been discussed within the Scottish Executive³ and with the partnerships to establish a framework in which Programmes and projects can consider their contribution to the environmental component of the Sustainable Development horizontal theme. This should be seen as a positive exercise, as it provides an indicative framework in which Programmes and projects can report on successful environmental contributions, rather than focusing on negative impact minimisation. For this purpose it is necessary to raise awareness regarding activities which can be considered as contributing to these objectives. However, projects and Programmes should also be aware that negative impact minimisation remains an important component of environmental considerations.
3. This explanatory note can also serve to help Programmes and projects in fulfilling the monitoring requirements in a positive way. The monitoring handbook⁴ explains how environmental activity has been integrated into the reporting arrangements of the Structural Funds, which includes taking environmental activity into account when reporting on the Core Indicators⁵ of the European Structural Funds.
4. The list below has been drafted to give an indication of projects, jobs or businesses, which are contributing to the environmental activity if the main focus is on the activities listed. This can only be an indicative list, as new and innovative environmental activity should not be excluded. The list should not be seen as prescriptive but rather gives an idea of the type of environmental activity, which can be reported in application and claim forms.

¹ The full text can be found at http://www.scotland.gov.uk/esf/esf_sus_dev-00.asp

² For more general information on European Union environmental policies, please see http://europa.eu.int/comm/environment/policy_en.htm

³ For information on Scottish Executive policy on Sustainable Development, please see <http://www.sustainable.scotland.gov.uk/>

⁴ The Monitoring Handbook is available at http://www.scotland.gov.uk/esf/mon_hand-00.asp

⁵ The Core Indicators can be found at <http://www.scotland.gov.uk/esf/indicators-00.asp>

Eco-Industries (taken from “An Estimate of Eco-Industries in the European Union 1994” by DG XI/Eurostat, European Commission 1997)

- **Air Pollution Control (APC):** defined as products, systems and services for the removal of gaseous and particulate pollutants from air. Examples include filters and catalytic converters (products), gas treatment plant (systems), and turnkey contracting (services).
- **Wastewater Treatment (WWT):** defined as products, systems and services for the removal of pollutants from municipal wastewater (sewage) and industrial wastewater. Examples include membranes, chemical dosing, pipes' and tanks (products), control systems, aerobic and anaerobic systems), and trenchless boring and facilities management (services). Wastewaters are defined to including cooling waters. Activities for purifying drinking water are excluded.
- **Waste Management (WM):** defined as products, systems and services for the collection, disposal and treatment of municipal, commercial and industrial wastes. Examples include landfill liners and composters (products), landfill gas extraction (systems), and collection and disposal (services). To the extent that discrete waste recycling activities can be defined they are included.
- **Contaminated Land and Water Remediation (CLR):** defined as products, systems and services for the identification, assessment and remediation of contaminated sites. Examples include adsorbents and injection equipment (products), monitoring systems and proprietary treatment processes (systems), and sampling/analysis (services).
- **Noise and Vibration Control (NVC):** defined as products, systems and services for the abatement of noise pollution. Examples include acoustic enclosures and noise barriers (products), vibration measurement systems (systems), and noise and vibration measurement (services).
- **Environmental Research and Development (R&D):** defined as discrete research and development activity specifically attributable to environmental objectives. Examples include laboratory analysis and attributed technological development.
- **Environmental Monitoring (EMI):** defined as products, systems and services for the monitoring of environmental standards and conditions, both directly and remotely. Examples include monitors and instruments (products), continuous emissions monitoring systems (systems), and installation and maintenance (services).
- **Environmental Consultancy Services (ES):** defined as more general consultancy services. Examples include technical consultancy, risk analysis, and economic assessments.

Additional Eco-Industries

- **Manufacturing of products** and/or provision of services aimed at reducing negative environmental impacts and/or environmental monitoring (such as air filters, energy efficiency devices, etc.)

- **Assessment of chemicals and products** etc for their environmental toxicity
- **Improving natural environment** (habitats and wildlife), land/forestry preservation and/or improving public access to the countryside
- **Site management for conservation purposes** in line with Natura 2000 (please see <http://europa.eu.int/comm/environment/nature/conf.pdf> for details)
- **Relandscaping for environmental improvements** can include restoring quarry or slag heap sites, reforestation, etc.
- **Environmental advice services** (involves providing advice on or raising awareness of environmental issues such as environmental sustainability, climate change, stratospheric ozone depletion, biodiversity, noise.)

Energy:

- **Renewable energy** see also ‘sustainable use of energy’ below
- **Community heating initiatives**
- **Energy advice services** (involves providing advice on and raising awareness of energy efficiency, better technology, minimising energy use, etc.).

Transport

- **Community transport initiatives** (e.g. car clubs, loans for bikes, etc.)
- **Public transport:** Encouragement of use and/or improvements to existing services
- **Transport initiatives** aimed at calming traffic and/or reducing congestion such as pedestrianisation schemes, cycle ways, walk ways, etc.
- **Travel and transport infrastructure:** Projects which are reducing the need to travel or which contribute to environmentally sound development of transport infrastructure

Sustainable use of resources in construction, activity and post project phase

- ***Sustainable use of energy, including renewable energy (solar, wind), energy saving construction and energy saving technologies***
- ***Recycling: Using recycled aggregates or recycling paper, glass and other raw materials***

Use of brownfield sites, rather than greenfield developments

Training and Development

- **Training**, which aids in the management or execution of one of the activities mentioned above
- **Qualifications:** Any support in gaining a qualification directly related to one of the above
- **Environmental education:** Education provided by for example local authorities or local authorities to raise awareness of environmental issues

ANNEX C

Where to get help

Forestry Authority	Woodland planting, management and harvesting
Historic Scotland	Listed buildings and cultural heritage
Local Authorities	Planning and development control; domestic and commercial waste management and recycling; environmental health (noise and other local environmental issues)
Local Enterprise Companies	Business efficiency, market research and job creation
Scottish Energy Efficiency Office	Advice on energy efficiency
Scottish Environment Protection Agency (SEPA)	Environmental protection, pollution control, management of industrial waste
Scottish Executive	Domestic policy; overall responsibility for administration of Structural Fund programme
Scottish Natural Heritage	Nature conservation and management of the wider natural heritage and scenic areas, including protected sites, recreation, enjoyment and education
Voluntary bodies e.g.	<ul style="list-style-type: none"> • Friends of the Earth (Scotland) • Royal Society for the Protection of Birds • Scottish Wildlife Trust • Scottish Council of Voluntary Organisations • National Trust for Scotland

Water Authorities	Management of water supplies and effluent treatment
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